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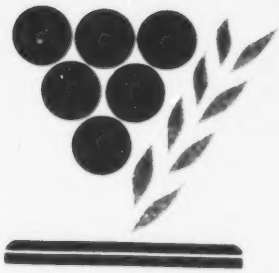


MANITOBA LIQUOR CONTROL COMMISSION

65th ANNUAL REPORT

FOR THE FISCAL YEAR APRIL 1, 1987 TO MARCH 31, 1988

89-00095/

LIQUOR CONTROL COMMISSION
OPERATIONAL PHILOSOPHY

The Manitoba Liquor Control Commission is responsible for the purchase, sale and control of beverage alcohol of high quality, throughout the province. It is committed to a socially responsible and businesslike approach in its external and internal dealings. As a government agency, the Commission is sensitive to the needs of all Manitobans. Essentially the Commission functions as an effective retailer of regulated products, always combining business effectiveness with a strong awareness of social responsibility.

As a consumer oriented organization, the Commission recognizes the need for cordial relations with consumers. This is achieved through the medium of well informed, helpful and courteous employees. Commission personnel are provided with appropriate training programs to improve their product knowledge aided by internal recognition and service awards. This ongoing process ensures a positive staff-customer relationship.

The Commission strives to support the objectives of the hospitality industry with a realistic enforcement of rules and regulations. It also takes an enlightened approach to innovative ideas.

Keeping the public well informed on all matters of interest including those matters required by law is an integral part of the Commission's approach to serving the citizens of Manitoba.

TABLE OF CONTENTS

	Page
LETTER OF TRANSMITTAL	3
GENERAL MANAGER'S REPORT	4
PERSONNEL	6
RETAIL OPERATIONS	6
PURCHASING AND DISTRIBUTION	7
LICENSING	9
INTERNAL AUDIT	18
FINANCE AND ADMINISTRATION	19
CHARTS	20
AUDITOR'S REPORT AND FINANCIAL STATEMENTS	23
APPENDICES	31

LIQUOR CONTROL COMMISSION

(As at March 31, 1988)

BOARD OF COMMISSIONERS

Chairman ..... Allan Chisvin, C.A.
Commissioner ..... Walter Bohonos
Commissioner ..... Jack Parkin
Commissioner ..... Barbara Hrehirchuk
Commissioner ..... Steven Roznowsky

LICENSING BOARD

Chairman ..... Reg Eamer
Member ..... Ernie Blais
Member ..... Ken Grant
Member ..... Ruth Pear
Member ..... Irmgard Wiebe

Corporate Secretary ..... Irene A. Hamilton

EXECUTIVE OFFICERS

General Manager & Chief Executive Officer ..... William E. Emerson
Assistant General Manager, Purchasing & Distribution ..... Don V. Lussier
Assistant General Manager, Finance & Administration ..... Al B. Ahoff
Assistant General Manager, Licensing ..... Irene A. Hamilton
Director of Personnel ..... Roman Zubach
Director, Retail Operations ..... Fred J. Johnston

Head Office and Warehouse

1555 Buffalo Place, Fort Garry

Postal Address — P.O. Box 1023, Winnipeg, Manitoba R3C 2X1

THE LIQUOR CONTROL COMMISSION ANNUAL REPORT

LETTER OF TRANSMITTAL

The Honourable James C. McCrae,
Attorney-General, Province of Manitoba,
Legislative Building,
Winnipeg, Manitoba R3C 0V8

Dear Sir:

I have the honour to transmit herewith the Sixty-Fifth Annual Report of The Liquor Control Commission, covering the fiscal year ended March 31, 1988.

Respectfully submitted,

A. Chisvin, C.A.
Chairman

June 21, 1988

THE LIQUOR CONTROL COMMISSION ANNUAL REPORT

Mr. Allan Chisvin, C.A.,
Chairman,
The Liquor Control Commission,
1555 Buffalo Place,
Winnipeg, Manitoba

Dear Sir:

I am pleased to provide the sixty-fifth annual report of the Liquor Control Commission covering the fiscal year ended March 31, 1988.

During the year, sales through Commission retail stores and to liquor vendors and licensees amounted to $364,987,076, an increase of 4.3% over the previous year. Sales to licensees increased 7.4% and sales to the public through liquor stores and liquor vendors, increased 1.4%. After inclusion of other income and deduction of operating and other expenses, net profit paid to the Minister of Finance rose 6.8%, from $141,862,186 in fiscal 1987 to $151,451,607 in fiscal 1988.

The long term trend of declining spirits sales volume continued with a drop of 3.2% compared with the previous year. Wine sales volume (including coolers and ciders) was down 2.7%; and beer volume declined marginally at .9%.

As a corollary the per capita consumption of absolute alcohol declined marginally to 6.9 litres per capita from 7 litres. Since fiscal 1984, the per capita consumption of absolute alcohol has declined in Manitoba by 11.5% from 7.8 litres to 6.9.

The trend towards consumption of light beverage alcohol products continued. Light beer now holds 26.7% share of the beer market.

Coolers and ciders rose 24.5% in volume over fiscal 1987.

As Chairman of the national Quality Assurance Committee I was pleased to see the Canadian Association of Provincial Liquor Commissioners ratify a national communicative procedure. This will ensure all provinces and territories and the federal Health Protection Branch share information concerning product quality virtually simultaneously.

Manitobans experienced three significant increases in beverage alcohol prices during the year. These resulted from increases in provincial mark-ups, federal sales tax, products from suppliers and adjustments to foreign exchange and freight rates.

The Commission launched its Wine Servers Training Seminar in May, with most participants coming from the province's hospitality industry.

During the year, a program of enhanced merchandising was introduced in liquor stores and a number of liquor vendors.

Income from licence fees and other sources increased by $1,429,390 (29.4%) mainly due to new occasional permit additional fees effective August 1, 1987.

In July 1987, the Liquor Control Act was substantially amended. Included was a significant reduction of licence classifications.

During the year, 13 Commission employees retired and 13 received long service awards. The valuable contribution made by all Commission employees throughout the year is gratefully acknowledged.

The Commission also wishes to acknowledge the valuable assistance of the R.C.M.P., the City of Winnipeg Police, the City of Brandon Police, and all rural police forces and departments of Government in ensuring compliance with the Liquor Control Act, Regulations and Commission policies.

Operational highlights, the Auditor's Report, and the Commission's audited financial statements for the year with appropriate comparisons are provided in the balance of this report.

Respectfully submitted,

Wm. E. Emerson,
General Manager &
Chief Executive Officer
June 21, 1988

The number of members of the Board of Commissioners, the Licensing Board and permanent employees of the Commission at March 31, 1988, compared with 1987 was as follows:

	1987
Members of the Board of Commissioners	5
Members of the Licensing Board	5
Executive Officers	7
Head Office	106
Warehouse & Order Office	48
Maintenance & Carpentry	14
Liquor Stores	223
	408

Retirement & Long Service

During the fiscal year 13 employees retired. Presentations were made in recognition of many years of valued service at an enjoyable annual Retirement Dinner. Six employees received 35 year service award pins, nine employees received 30 year pins and two received 25 year pins.

Training & Development

During the fiscal year, 105 training sessions were attended by 1,217 participants.

A range of courses were offered, such as Oral Presentation Skills, Product Knowledge, French Language, and Computer-based Training, to name a few.

Two new courses were introduced to senior management: Interpersonal Managing Skills, and Critical Skills for Supervision.

All courses were enthusiastically received.

In conjunction with the Winnipeg Police Department, a Security Awareness Program was developed and presented to our retail and head office staff.

Labour Relations

A new Collective Agreement with the Manitoba Government Employees' Association was signed April 22, 1988. The agreement covers a three year period from April 1, 1988 to March 31, 1991.

Sales Results

In fiscal 1988, total dollar sales of all types of liquor to the public and licensees rose 4.3% from $349,877,867 to $364,987,076. Within this total, sales to licensees increased 7.4% from $170,429,294 to $183,000,204. Sales through Commission liquor stores and privately owned and operated liquor vendors, increased 1.4% year over year, from $179,448,573 to $181,986,872.

Liquor Stores

At year end, there were 49 Commission liquor stores (Appendix I); 46 self-serve and 3 over-the-counter stores. Dollar sales through these stores totalled $151,442,549, a .9% increase over the previous year.

Liquor Vendors

At March 31, 1988, there were 175 liquor vendors authorized to sell liquor at retail in rural Manitoba (Appendix II). Sales by this group accounted for 8.4% of Commission liquor sales in fiscal 1988 and rose 4.3% over fiscal 1987.

During the year no new liquor vendors opened, 3 re-opened, 18 changed ownership and 5 closed. In addition, 7 liquor vendors converted to self-serve, bringing the total number of self-serve liquor vendors to 89.

Service to rural licensees was improved through arrangements introduced enabling them to purchase their liquor requirements from their local liquor vendor.

Store Development

The Commission's commitment to provide its customers with attractive, comfortable and efficient liquor stores continued. Renovations and conversion to self-serve were made at our Winnipegosis Liquor Mart in December, 1987 and our Killarney Liquor Mart in March, 1988. Both stores now offer customers a wider product assortment.

Merchandising

The spring of 1987 saw the introduction in provincial liquor stores of a Brand Display Program in which suppliers were provided with the opportunity to include their products in a series of monthly features. Eye-catching merchandise displays provided considerable customer satisfaction.

The Wines of Italy festival was presented during May in all liquor marts and several rural liquor vendors. For the sixth consecutive year, a festival of Canadian Wine was held in October.

Once again, a collection of attractive Christmas gift ideas was presented in every store with bright Christmas decorations providing a festive atmosphere.

Sales

With the exception of fiscal 1986, spirits sales volume in litres has been declining in Manitoba since fiscal 1982. This trend continued in fiscal 1988, with spirits volume declining 3.2% compared to the previous year. Wine sales volume (including coolers and ciders) was down 2.7% compared to the previous year. Beer volume declined marginally by .9%.

White wine sales declined by 3.4% and red wine sales decreased 6.2%. Champagne and sparkling wine sales declined 15.9%, while fortified wines declined 9.2%.

The beverage alcohol market continued to move towards the consumption of "light" beers, coolers and ciders. During fiscal 1987, light beers accounted for a 24.8% share of the beer market, while in fiscal 1988 they grew to a 26.7% share. Wine and spirits-based coolers and ciders increased from a 13.7% share of the total wine market in fiscal 1987 to a 17.5% share in fiscal 1988.

For Commission customers, price lists and product facts catalogues were issued in June and November. An Affordable Wine book was issued in June.

Prices to Consumers

On May 4, 1987, as a direct result of an increase in provincial mark-ups and supplier price changes, retail prices on virtually all alcoholic beverages were increased. All domestic spirits increased between 20¢ and 70¢ per 750 ml bottle, while imported spirits rose between 10¢ and 40¢. The majority of Canadian wines increased 30¢ per 750 ml bottle, with imported wines increasing between 10¢ and 55¢. Most coolers and ciders increased 30¢ per package of six. Domestic beer increased 25¢ per dozen.

A second retail price increase in beverage alcohol (not including domestic spirits) occurred on October 1, 1987 as a result of further supplier price changes and adjustments to foreign exchange and freight rates. As well, at the same time, a further mark-up increase on wines and domestic beer took place. As a result, domestic wines increased 40¢ to 85¢ per 750 ml bottle, with imported wines increasing between 20¢ and 90¢. Imported spirits increased slightly. Domestic beer increased 20¢ per dozen.

The third increase occurred on February 1, 1988, a result of an increase in federal sales tax and adjustments to currency, freight rates and supplier price changes. Domestic spirits increased between 45¢ and 50¢ per 750 ml bottle, while imported spirits increased between 40¢ and 90¢. Domestic wines increased 10¢ to 15¢ per bottle. Most imported wines increased in price, although a few decreased. Domestic beer rose by 45¢ per dozen although the Commission took no mark-up on the brewers' cost increases.

In aggregate, in fiscal 1988, popular priced spirits increased 60¢ to 85¢ per 750 ml bottle. Comparable imports rose 60¢ to $1.20. Popular priced domestic wines increased 70¢ to 85¢ while comparable imports rose 30¢ to $1.00. Domestic beer rose by 90¢ per dozen.

Products

Responding to changing consumer tastes, a number of new products were introduced and unsuccessful ones eliminated. The net effect was a small decrease in listings.

	1987
Spirits	597
Wines	566
Coolers & Ciders	26
Beers	93
Specialty Wines	459
Total	1,741

In addition, 32 seasonally packaged products were offered prior to Christmas.

The Commission's 13 member External Wine Panel, made up of knowledgeable oenophiles from the hospitality industry and wine societies, held 10 product selection tastings resulting in 26 important new listings.

Members of the Commission's Internal Wine Panel underwent two sensory training and testing programs provided by External Panel member, Dr. Ron Jackson of Brandon University. This ongoing training and testing enables participants to build a common tasting vocabulary, thereby maintaining consistency and accuracy in product selection and quality assurance.

The 2nd Annual Winnipeg International Wine Festival held in April was once again a success. Attendance was up nearly 40% as 1,800 people thronged to taste a variety of the 107 wines featured.

In May 1987 the Commission launched the Wine Servers Training Seminar, a four-day course on the serving and selling of wine in restaurants and hotel dining rooms. This program was developed in conjunction with representatives of the Manitoba Restaurant and FoodServices Association, the

Manitoba Hotel Association and the Club Managers Society. Seventy-eight people, representing 32 different licensed establishments, attended the courses.

In October, 1987, a program of quarterly wine information newspaper articles was launched. The first 2 articles sent out in fiscal 1988 were accepted and published in 10 newspapers across Manitoba.

Product Consultant Peter Adams held product seminars for Commission employees and appeared in stores for public consultation on two occasions. Forty-one employees completed the Commission's Basic Wine and Spirit course bringing the total number of graduates to 120.

Distribution and Inventory

Total warehouse throughput for spirits, wine, imported beer, coolers and ciders decreased 2% to 3.3 million nine-litre cases during the year.

Several changes in the Commission's purchasing system were made during fiscal 1988 resulting in average case inventories being reduced by 9% during the year.

Quality Control

During his year as Chairman of the national Quality Assurance Committee, Mr. Emerson saw the Canadian Association of Provincial Liquor Commissioners ratify a significant national communicative procedure. This procedure ensures that all 12 liquor authorities in Canada plus the federal Health Protection Branch receive information virtually simultaneously of significant developments in liquor product quality. As well, a sub-committee on standards was formed; it also developed and had approved by the Canadian Association of Provincial Liquor Commissioners, quality norms for 19 non-toxic ingredients.

During the year the Commission worked closely with suppliers, agents, other liquor authorities, the federal Health Protection Branch and the Manitoba Research Council to monitor the quality of beverage alcohol products sold in Manitoba.

LICENSING

In order to achieve the benefits of a combined and uniform approach to licensing and inspection, these two divisions were melded together under the direction of an Assistant General Manager, Licensing. Within this new organizational structure, the Permits, Licensing and Chief Inspector's departments continued to provide information and assistance to permittees, licensees, and the general public.

In July of 1987, amendments to *The Liquor Control Act* were passed, streamlining liquor licensing in the province by reducing the number of classes of licence from 24 to 11.

In August, 1987 a new occasional permit fee structure was implemented. The fee for a permit where there is no charge for liquor increased from $10.00 to $15.00. The fees for permits for functions at which alcoholic drinks are sold were raised to $25.00, up from $10.00 and $15.00.

Concurrently, a recoverable additional fee of $2.50 per unit was introduced for alcoholic beverages sold under the authority of occasional permits.

A unit is: one 750ml bottle of spirits; or twenty 341ml bottles of beer; or 3000ml of wine.

The division continued to be actively involved in the Manitoba Safe Grad Committee and an additional member to the committee was appointed from the division.

In October, a new and updated Licensee Field Manual was produced and issued to all licensees.

During the year the Inspection Department continued its active role in providing education and information to licensees and the public. Members of the department gave approximately 800 presentations including the showing of "One Too Many; Recognizing the Signs of Intoxication", staff meetings in licensed premises, public lectures and public information sessions.

The inspection of occasional permit functions was enhanced by an expansion of the auxiliary inspection program. In fiscal 1988, staff was hired in Flin Flon and Thompson to perform occasional permit inspections.

AMENDMENTS TO THE LIQUOR CONTROL ACT

In July of 1987, Bill 37, An Act to Amend *The Liquor Control Act* was passed effecting the following changes:

- Beverages containing more than .5% alcohol by volume and not more than 1% alcohol by volume cannot be sold to minors. These beverages can however be sold through grocery stores.

- The definition of liquor was amended to include any potable substance containing more than 1% alcohol by volume.

- The number of classes of licences has been reduced from 24 to 11, with the following significant changes:

  - a catering authorization may be issued to a dining room licensee to cater both food and liquor.

  - juveniles may enter a cocktail lounge with their adult parent, spouse or guardian, but may consume liquor therein only if purchased by parent, spouse or guardian, and consumed with a meal.

  - a new sports facility licence has been created which will apply to commercially operated sports clubs, municipal golf and curling clubs, and hunting and fishing lodges. These premises were formerly licensed under 3 separate licence categories.

  - allows sale of liquor on Good Friday and Remembrance Day in dining rooms after noon.

  - allows sale of liquor on Remembrance Day in a veteran's club where food is also being served.

- The requirement that an intoxicated person be removed from licensed premises has been deleted, however, it continues to be an offence to sell or serve liquor to an intoxicated person.

REGULATIONS

Manitoba Regulation 348/87, Liquor Licensing Regulation, was passed, including the following:

- a clear definition of a meal is included in this regulation.

- allows liquor only service in a licensed dining room provided 50% or more of the patrons seated at the table are dining.

- allows liquor to be served to a patron who is waiting for takeout food.

LICENSING BOARD

During fiscal 1988, the Licensing Board held 13 regular public meetings and one annual public meeting.

Licence applications considered by the Board during the year included:

- 65 applications related to conversion to other types of licences and to the extension of licensed areas;

- 150 applications related to premises not previously licensed;
- 97 applications related to the purchase of existing hotels or restaurants;
- 49 applications dealt with changes in ownership of shares of a corporation operating licensed premises.

Also considered were:

- 10 applications related to obtaining an additional licence;
- 4 applications related to the formation of a new company or partnership;
- 39 applications related to various miscellaneous licensing matters.

Licences

Licence changes during the year are listed below:

Type of Licence	Number in Effect March 31, 1987	Issued New	Not Renewed or Terminated
Hotel Registration	335	4*	7
Beer Vendor	305	3	4
Beer Parlour	3	Nil	Nil
Restaurant Beer & Wine	270	28	26
Restaurant Wine	9	Nil	3
Beverage Room	299	3	5
Dining Room Liquor	621	75	44
Cocktail Room	284	34	26
Cabaret	20	5	5
Special Events	14	1	Nil
Club Beer	4	Nil	Nil
Club Beverage Room	58	8	Nil
Club Dining Room	4	Nil	Nil
Club Cocktail Room	119	2	Nil
Military Canteen	53	1	5
Brewers Retail	2	Nil	Nil
Sacramental Wine Vendor	6	Nil	1
Brewer	9	Nil	1
Distiller	24	Nil	Nil
Winery	22	Nil	2
Hunting or Fishing Lodge	10	3	1
Sports Facility	Nil	2	Nil
Totals	2,471	169	130

* Two new hotels were constructed and two hotels were re-opened.

Number of Establishments Licensed for On-Premise Consumption as at March 31, 1988:
(these figures result from the net of new openings and closings)

	1987	1988
*Hotels	334	
*Private Sports & Fraternal Clubs	181	
Military Messes	53	
*Restaurants	539	
Cabarets	11	
*Railway (Dining & Lounge Cars)	1	
*Airlines (Aircraft & Airport Hospitality Rooms)	6	
Excursion Boats	5	
Nursing Homes	18	
*Special Events	14	
Hunting or Fishing Lodges	10	
Sports Facility	Nil	
	1,172	

* May hold more than one class of licence.

Administration of Occasional Permits

Occasional permits were issued as follows this year compared with last:

	1987	1988
Occasional permits (non-sale of liquor)	7,646	
Occasional permits (sale of liquor)	19,117	
	26,763	
Occasional permits — Winnipeg	14,223 (53%)	
Occasional permits — balance of Province	12,540 (47%)	
	26,763	
Application for occasional permits withdrawn	703	
Application for occasional permits disapproved	150	

Disciplinary Action

The Licensing Board held twenty-two disciplinary hearings under *The Liquor Control Act*. The Board of Commissioners heard nine appeal hearings during the year.

Disciplinary action in this fiscal year, compared with 1987:

Licensees

	1987
Warning Letters	32
Disciplinary Hearings	27
Appeal Hearings	10
Suspensions	24
Total Days Suspended	142
Cancellations of Licence	0
Other Action:	
One Hour Reduction of Licence for Ninety Days	1
Licensee Found Not Fit to Continue to Hold Licences	0

Permittees

Suspension of Privileges	36
Warnings	43

Hall Owners

Suspension of Privileges	14
Warnings	26

Licensed Food & Beverage Establishments

In fiscal 1988, investment in new hotels and restaurants was $19.9 million compared with approximately $13.4 million in the year preceding.

HOTELS

Over the past five years, 15 new hotels (5 replacing existing hotels), have been constructed in the province at a total investment of $47.7 million.

Approximately $22.3 million has also been spent on refurbishing existing licensed hotels. There were 332 hotels in the province at the end of the fiscal year. The growth in additional services and accommodation over the past five years is as follows:

Fiscal Year	No. of New Hotels	Guest Rooms	No. of Banquet Rooms	No. of Licensed Dining Areas	No. of Cocktail Rooms	No. of Beverage Rooms	Total Investment Construction & Furnishings ($000)
1984	2	45	Nil	2 (167)	1 (60)	2 (396)	3,400
1985	5	55	Nil	5 (345)	1 (47)	4 (598)	2,900
1986	4	322	9 (661)	4 (418)	3 (208)	1 (69)	30,100
1987	2	63	1 (112)	2 (214)	2 (89)	Nil	900

Figures in parentheses ( ) show total seating capacities.

Restaurants

During the past five years, $45.2 million was invested in 336 new restaurants, cocktail rooms and 11 new cabarets. In addition, $21.9 million was invested in refurbishing licensed restaurants.

There were 573 restaurants and 20 cabarets (14 not associated with hotels) in the province at the end of the fiscal year.

Additional establishments and services have been provided each year as follows:

Fiscal Year	Total No. of New Establishments	* No. of New Restaurants	No. of New Dining Rooms	No. of New Cocktail Rooms (incl. with Dining Rooms)	No. of New Cabarets	Investment Construction & Furnishings ($000)
1984	69	26 (1270)	42 (5339)	20	1 (254)	9,900
1985	76	21 (1077)	52 (4192)	18	3 (905)	5,700
1986	72	24 (1539)	45 (3556)	19	3 (678)	7,600
1987	68	22 (1396)	43 (4153)	14	2 (480)	12,500

Figures in parentheses ( ) show total seating capacities.

* Do not serve spirits

Note: Cocktail Room Licences are issued only for premises that hold a Dining Room Liquor Licence.

Sale of Food and Liquor in Licensed Dining Rooms, Cocktail Rooms, Restaurants & Cabarets

The aggregate provincial sales for fiscal 1988 from food and liquor sold by the 968 licensed establishments required to provide dining facilities and maintain an appropriate food to liquor ratio, was $316,176,000. Of this total $239,015,000 (75.6%) was attributed to the sale of food and $77,161,000 (24.4%) to the sale of liquor.

Details of the food to liquor ratio for the past five years are as follows:

Fiscal Year	Number of Establishments	Food ($000)	%	Liquor ($000)	%	Total ($000)
1984	780	175,101	74.3	60,667	25.7	235,768
1985	826	193,641	74.6	66,048	25.4	259,689
1986	874	209,383	74.5	71,490	25.5	280,873
1987	920	231,283	74.8	78,108	25.2	309,391

Note: Most establishments have more than one class of licence.

Inspections/Investigations

The current and prior fiscal year's inspections and investigations are as follows:

Type of Inspection	1987	1988
Hotels	1,714	
Beer Parlours	30	
Restaurant Beer & Wine	2,533	
Restaurant Wine	47	
Beverage Rooms	5,166	
Dining Rooms	5,526	
Cocktail Rooms	2,965	
Cabarets	449	
Special Events (Performances, Conventions, Exhibitions, etc.)	73	
Clubs (Beer Parlour)	3	
Clubs (Beverage Room)	256	
Clubs (Dining Room)	13	
Clubs (Cocktail Room)	714	
Beer Vendors	4,986	
Sacramental Wine Vendors Stock and Premises Inspections	5	
Hunting or Fishing Lodges	5	
Occasional Permit Functions	3,734	
Banquet Halls	309	
	28,528	

Type of Investigation	1987	1988
*Occasional Permits (Prior to Issue)	1,607	
Final Inspections for New Licences and Extension of Existing Licences	473	
General Investigations and Complaints	1,004	
	3,084	

*Investigations resulted in 63 applications being cancelled or withdrawn as applicants did not comply with specific Sections of *The Liquor Control Act*, its regulations and Commission policies.

Prosecutions Under *The Liquor Control Act*

Prosecutions in Manitoba by the Attorney-General's Department under *The Liquor Control Act* for the fiscal years 1984 - 1988 are as follows:

Convictions and total fines imposed:

	1984	1985	1986	1987
Number	9,598	8,590	8,352	7,303
Amount	$575,559	$591,366	$582,629	$505,598

The number of convictions for Informations sworn by City of Winnipeg Police was 889 resulting in fines totalling .....

The number of convictions for Informations sworn by the R.C.M.P. and rural Police was 5,972 resulting in fines totalling .....

Number of persons convicted in Manitoba:

	1984	1985	1986	1987
Sentenced to jail without option of a fine	110	19	15	15
Given suspended sentence	3	1	—	—
Placed on probation	13	3	1	—
Reprimand	111	68	48	32
Other	—	21	7	46

(*187 were fine option)

The above data was compiled from offence notice reports received from the Royal Canadian Mounted Police, the City of Winnipeg Police, City of Brandon and rural police.

A.L.E.R.T. Programs

The following data was compiled by and received from the City of Winnipeg Police and Royal Canadian Mounted Police:

City of Winnipeg Police:

	1986	1987
Vehicles stopped	13,503	
Drivers tested	894	
Drivers suspended for 6 or 12 hours	315	
*Drivers charged with impaired driving (over .08%)	163	
Drivers refused breathalyzer	20	

In 1987, the A.L.E.R.T. program was held between November 27, 1987 and January 10, 1988.

Royal Canadian Mounted Police:

	1986	1987
Drivers suspended 6 and/or 12 hours	3,858	
*Drivers charged with impaired driving (over .08%)	3,808	
Drivers refused breathalyzer	350	

*Drivers charged with impaired driving were not necessarily charged as a result of the A.L.E.R.T. program testing.

Internal Audit

The Internal Audit Department had a number of staff changes in fiscal 1988 and was fully staffed by November, 1987. An audit department manual was created and established a new direction for the audit function.

During the year, full audits were performed of 29 stores and reviews and special counts were performed for 11 stores. As well, during audits and reviews, staff began assessing the functionality of security equipment in the stores.

A number of head office audit projects were completed including year end inventory and cash verification procedures. Internal Audit utilized a systematic approach towards involvement in selected corporate systems under development.

Security

The Security Committee continued to address the safeguarding of Commission assets in fiscal 1988. Security awareness was communicated by means of seminars and through the implementation of a Security Newsletter. Two hundred and sixty employees attended the seminars which were conducted with assistance from the Winnipeg Police Department. As well, the Security Committee conducted special investigations and upgraded security at a number of stores and head office.

Financial Information: Fiscal 1988

In fiscal 1988, liquor sales increased by $15,109,209 (4.3%) and gross profit by $9,079,816 (5.7%). Income from licence fees and other sources increased by $1,429,390 (29.4%) mainly due to the new occasional permit additional fee collected on sale permits which became effective August 1, 1987. General and administrative expenses increased by $1,026,689 (4.7%), while fixed assets charged to operations decreased by $106,904 (14.0%).

The resulting net profit increased by $9,589,421 (6.8%) to $151,451,607 which was paid over to the province's Revenue Division of the Consolidated Fund. In addition to the net profit, the Commission also remitted Manitoba Retail Sales Tax of $21,357,464 to the Province of Manitoba.

Included in the cost of goods sold is $45,163,366 paid to the Government of Canada as Customs and Excise Taxes and Duties and Sales Tax in respect of spirits, wine, imported beer, coolers and ciders.

Excise Duty and Sales Tax on domestic beer are paid by the breweries directly to the Government of Canada based on production.

A computerized Occasional Permit System for the Licensing Division and a Human Resource Information System for the Personnel Division were implemented.

In conjunction with Retail Operations, a pilot project was initiated to evaluate the benefits of installing computer cash registers in Commission liquor stores.

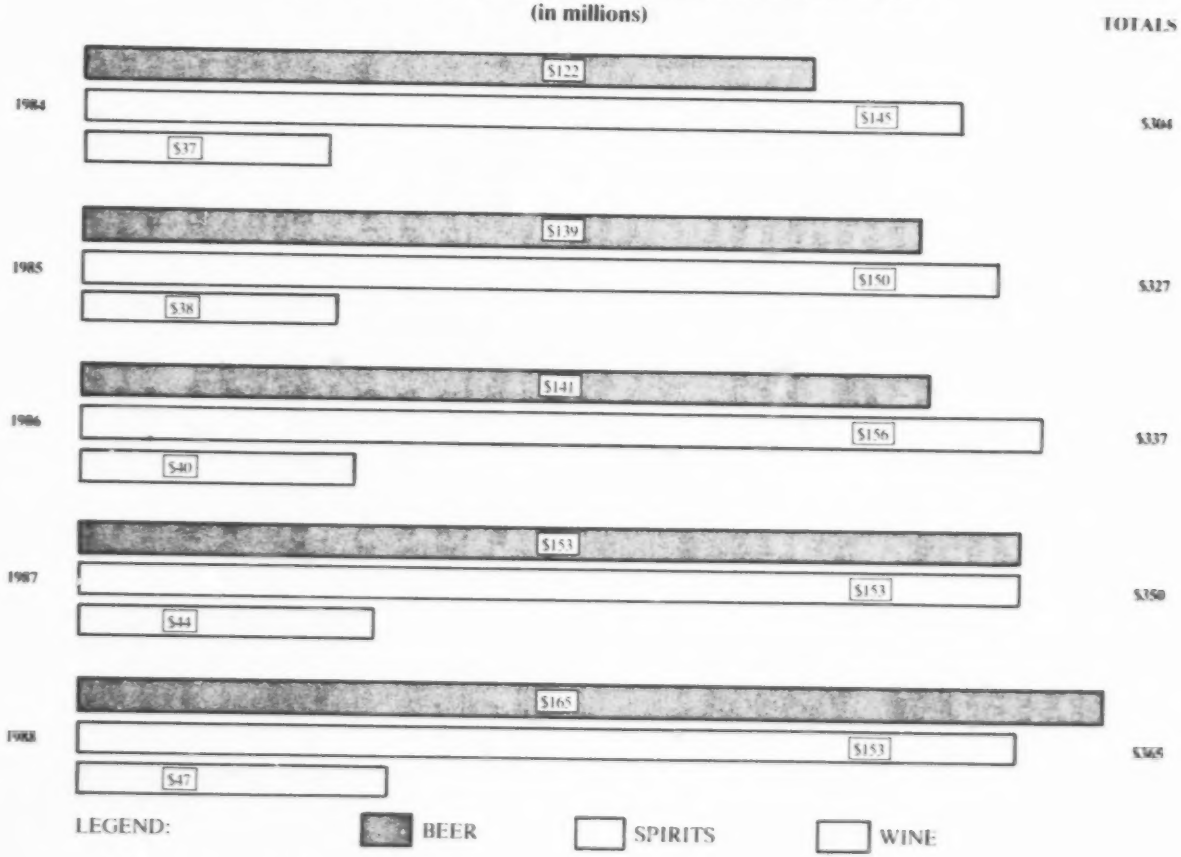
Profit and Expense Ratios in Fiscal Years Ended March 31 ($000's)

	1984	1985	1986	1987
Sales	$303,939	$326,817	$337,371	$349,878
Gross Profit	141,511	149,692	155,353	159,562
Net Profit	128,103	135,972	139,424	141,862
General and Administrative Expenses	19,510	20,206	20,921	21,790
Fixed Assets Charged to Operations	889	952	761	765
Gross Profit as % of Sales	46.56%	45.80%	46.05%	45.61%
Net Profit as % of Sales	42.15%	41.60%	41.33%	40.55%
General and Administrative Expenses as % of Sales	6.42%	6.18%	6.20%	6.23%
Fixed Assets Charged to Operations as % of Sales	.29%	.29%	.23%	.22%

Note: Domestic beer container deposits are reflected through balance sheet accounts and are not included in sales.

SALES VALUE OF LIQUOR SOLD IN MANITOBA

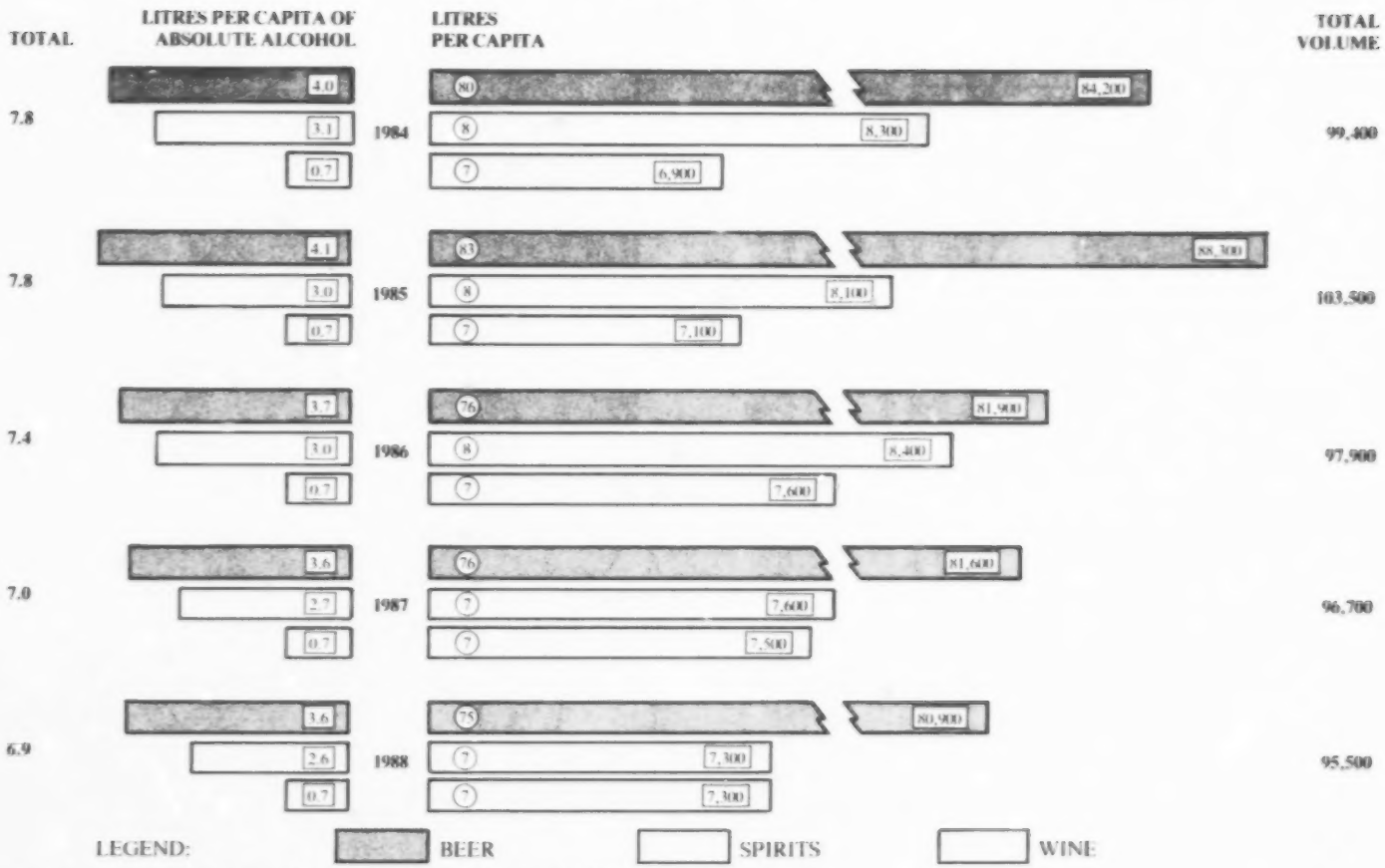
(in millions)



Notes:
- Manitoba Retail Sales Tax collected by the Commission is not included above. During fiscal 1988, the Commission remitted $21 (1987 - $21) to the Province of Manitoba.
- Cooler and Cider sales are included in Wine sales.

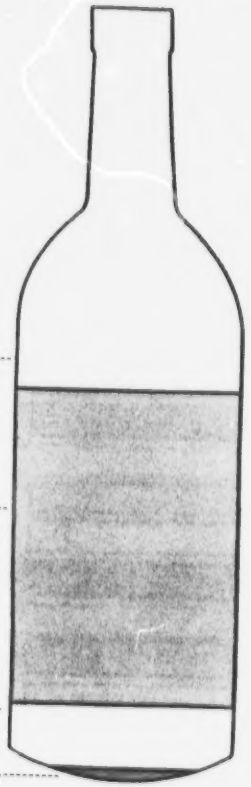
VOLUME OF LIQUOR SOLD IN MANITOBA

(000's of Litres)



Notes:
- The Manitoba population of 1,080,300 for fiscal 1988 was based on Statistics Canada's preliminary estimate of October 1, 1987.
- Cooler and Cider sales are included in Wine volume.

SOURCES OF REVENUE



*Liquor Sales to Licensees
49.3% (1987 - 48.0%)

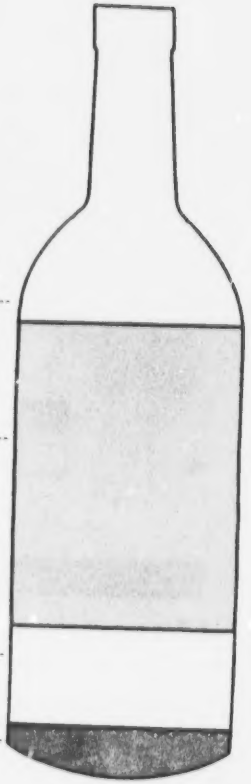
Liquor Sales Through Stores
40.8% (1987 - 42.3%)

Liquor Sales to Liquor Vendors
8.2% (1987 - 8.3%)

Fees and Other Revenue
1.7% (1987 - 1.4%)

*Liquor includes beer, wine, spirits, coolers and ciders.

DISTRIBUTION OF REVENUE



Province of Manitoba
40.8% (1987 - 40.0%)

Suppliers and Freight
40.7% (1987 - 40.7%)

Government of Canada Customs, Excise and Federal Sales Tax
12.2% (1987 - 12.9%)

General, Administrative and Fixed Asset Expenses
6.3% (1987 - 6.4%)

Manitoba

THE LIQUOR CONTROL COMMISSION
REPORT OF THE PROVINCIAL AUDITOR'S OFFICE

We have examined the balance sheet of The Liquor Control Commission as at March 31, 1988 and the statements of income and cash flow and the schedule of sales, cost of sales and gross profit for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Commission as at March 31, 1988 and the results of its operations and its cash flow for the year then ended in accordance with accounting principles as disclosed in note 1 applied on a basis consistent with that of the preceding year.

F. H. Jackson, C.A.,
Provincial Auditor

May 29, 1988
Winnipeg, Manitoba

GOVERNMENT OF THE PROVINCE OF MANITOBA
THE LIQUOR CONTROL COMMISSION

STATEMENT OF INCOME
FOR THE YEAR ENDED MARCH 31, 1988
($000's)

	1988	1987
Sales:		
Stores and liquor vendors (Note 3)	$181,987	$179,449
Licensees	183,000	170,429
	364,987	349,878
Cost of Sales:		
Stores, liquor vendors, licensees	196,345	190,316
Gross profit	168,642	159,562
Other income (Note 4)	6,284	4,855
	174,926	164,417
General and Administrative Expenses:		
Salaries and benefits	14,420	13,703
Superannuation	1,085	1,003
Alterations, maintenance and repairs	372	364
Audit, legal and other professional fees	111	97
Cleaning and caretaking	447	463
Corporation capital tax	16	16
Delivery charges	953	1,018
Equipment rentals (Note 6)	290	316
Grants in lieu of taxes	447	477
Health and post secondary education tax levy	214	208
Informational programs	196	159
Insurance	14	13
Leased premises — rentals (Note 6)	1,900	1,832
Light, heat, power and water	420	422
Photo ID program	3	17
Printing, postage and stationery	315	273
Product analysis	274	345
Protective services	161	158
Public Investment Corporation levy	107	—
Staff training	71	66
Telephones	171	147
Travelling	226	201
Wrapping supplies	281	276
Miscellaneous	103	114
Board of Commissioners — salaries and expenses	50	57
Licensing Board — salaries and expenses	42	45
	22,517	21,790
Operating profit before fixed assets charged to operations	152,409	142,627
Fixed assets charged to operations (Notes 1 and 5)	658	765
Net profit paid or payable to the Province of Manitoba	$151,451	$141,862

GOVERNMENT OF THE PROVINCE OF MANITOBA
THE LIQUOR CONTROL COMMISSION

BALANCE SHEET
AS AT MARCH 31, 1988
($000's)

ASSETS

	1988	1987
Current Assets:		
Cash on hand and in banks		$ 4,138
Accounts receivable — claims and other		187
Inventory (Note 2)		14,223
Prepaid expenses and supplies		412
		$18,960

LIABILITIES

Current Liabilities:		
Net profit payable to the Province of Manitoba		$ 5,262
Accounts payable — trade and other		7,523
Manitoba Retail Sales Tax payable		1,441
Deferred licence fees		234
		14,460
Non-interest bearing working capital advance provided by the Province of Manitoba		4,500
		$18,960

APPROVED ON BEHALF OF THE COMMISSION:

Chairman

General Manager and
Chief Executive Officer

Assistant General Manager,
Finance and Administration

GOVERNMENT OF THE PROVINCE OF MANITOBA
THE LIQUOR CONTROL COMMISSION

SCHEDULE OF SALES, COST OF SALES AND GROSS PROFIT
FOR THE YEAR ENDED MARCH 31, 1988
($000's)

	Spirits	Wine	Coolers/ Ciders	Beer	Total
Sales:					
Stores and liquor vendors	$128,798	$ 34,175	$ 4,005	$ 15,009	$181,987
Licensees	23,886	8,280	873	149,961	183,000
Total Sales for 1988					
Total Sales for 1987	$152,923	$ 40,154	$ 3,616	$153,185	$349,878
Cost of Sales:					
Total Cost of Sales for 1988					
Total Cost of Sales for 1987	$ 66,335	$ 20,741	$ 2,058	$101,182	$190,316
Gross Profit for 1987	$ 86,588	$ 19,413	$ 1,558	$ 52,003	$159,562
Gross Profit as a Percentage of Sales for 1987	56.6	48.3	43.1	33.9	45.6

GOVERNMENT OF THE PROVINCE OF MANITOBA
THE LIQUOR CONTROL COMMISSION

STATEMENT OF CASH FLOW
FOR THE YEAR ENDED MARCH 31, 1988
($000's)

	1987
Cash Receipts:	
Sales — spirits, wine, coolers/ciders & beer	$349,878
Annual and supplementary licence fees and other	5,166
Manitoba Retail Sales Tax	21,069
	376,113
Cash Disbursements:	
Purchases — merchandise, federal duty, excise and sales taxes, etc.	191,852
General and administrative expenses	22,163
Fixed assets charged to operations	759
Manitoba Retail Sales Tax	21,395
	236,169
Net cash available for transfer	139,944
Transfers to Minister of Finance:	
Current year profit	136,600
Prior year profit	5,224
	141,824
Excess of disbursements/transfers over receipts	$ 1,880
Represented by increase in cash in bank:	
Cash on hand and in bank April 1	$ 6,018
Less excess of disbursements/transfers over receipts	1,880
Cash on hand and in bank March 31	$ 4,138

GOVERNMENT OF THE PROVINCE OF MANITOBA
THE LIQUOR CONTROL COMMISSION

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 1988
($000's)

1. ACCOUNTING POLICIES

The Commission follows generally accepted accounting principles with the following modifications:

a. **Fixed Assets**

Fixed assets are charged to operations in the year acquired.

b. **Pensions**

In accordance with the provisions of the Manitoba Civil Service Superannuation Act, the Commission contributes 50% of the pension disbursements made to retired employees. Such payments are charged to operations as incurred and provision is not made in the accounts to fund current or past service obligations to the Superannuation fund. On the basis of an actuarial report, the unfunded liability for the Commission's employees amounted to $14,550 as at December 31, 1987 (1986 — $14,064).

2. INVENTORY AT COST

	1988	1987
In bond merchandise		$ 7,716
Duty paid merchandise		6,507
		$ 14,223

The amount of unpaid Customs, Excise duties and Sales tax on owned merchandise held in bond was approximately $4,425 at March 31, 1988 (1987 — $4,428).

3. SALES — STORES AND LIQUOR VENDORS

	1988	1987
Sales to liquor vendors		$ 31,713
Discounts		(2,431)
		29,282
Store sales		150,167
		$179,449

4. OTHER INCOME

	1988	1987
Supplementary licence fees		$3,831
Miscellaneous		411
Occasional permits		345
Occasional permits additional fees		—
Annual licence fees		248
Commission for collecting Manitoba Retail Sales Tax		2
Licence application fees		18
Disposal of fixed assets		—
		$4,855

5. FIXED ASSETS

	1988	1987
Fixed assets charged to operations:		
Equipment and furnishings		$233
Leasehold improvements		402
Automobiles		46
Systems development		84
		$765

6. LONG-TERM LEASES

a. The Commission leases its head office and 13 other buildings from the Government of the Province of Manitoba for the nominal sum of two dollars effective August 1, 1985, for a period of 99 years.

b. The Commission leases another 37 buildings. Leases have expiry dates ranging from 1988 to 2004.

The future minimum lease payments for each of the next five years are as follows:

Year Ending March 31	
1989	$1,244
1990	1,150
1991	981
1992	901
1993	732

c. The Commission leases Hewlett-Packard computer equipment. Leases on the Hewlett-Packard computer equipment have expiry dates ranging from 1988 to 1991.

The future minimum lease payments for each of the years to the expiry of the contracts are as follows:

Year Ending March 31	
1989	$201
1990	145
1991	24

7. MANITOBA RETAIL SALES TAX

In addition to the net profit of $151,451, the Commission remitted Manitoba Retail Sales Tax of $21,357 (1987 — $21,395).

8. COMPARATIVE FIGURES

Prior year's comparative figures have been restated to conform to the classifications adopted for the fiscal year ended March 31, 1988.

APPENDIX I

LIQUOR STORES

Of the 49 Commission operated liquor stores, 46 **SELF-SERVE** stores were in operation at the following locations:

In the City of Winnipeg

St. James-Assiniboia - Charleswood

Unicity Mall, 3605 Portage Avenue
Portage & Ainslie
Madison Square
Charleswood, 4910 Roblin Boulevard

Winnipeg Centre

Hargrave & Ellice
Main & Market
Portage & Burnell

Winnipeg South

River & Osborne
*Grant Park Plaza Shopping Centre
Fort Garry, 1737 Pembina Highway

St. Boniface - St. Vital

Dominion Shopping Centre
St. Vital, 107 Niakwa Road
Dakota Park Plaza

North/West Kildonan

Main & Manitoba
Northgate Shopping Centre
Main & Jefferson
Tyndall Market Mall

East Kildonan

Regent Park Shopping Centre
Northdale Shopping Centre
Eastwinds Shopping Centre

Outside the City of Winnipeg

Beausejour
*Brandon, 10th & Victoria Avenue
Brandon, Brandon Shoppers Mall
Carman
Churchill
Dauphin
Flin Flon
Gimli
Killarney
Lac du Bonnet
Melita
Minnedosa
Morden
Neepawa
Pine Falls
Portage La Prairie
Roblin
Russell
St. Pierre-Jolys
Selkirk
Souris
Swan River
The Pas
Thompson
Virden
Winnipegosis

3 **CONVENTIONAL** stores were in operation in the following rural locations:

Fisher Branch
Morris
Rivers

*Contains Fine Wines Boutique

APPENDIX II

175 LIQUOR VENDORS (89 SELF-SERVE)

ALEXANDER ..... Klassen's Food Mart Ltd.
ALONSA ..... Fashoway Cafe & Confectionery
ALTONA ..... Altona Cleaners Ltd.
AMARANTH ..... Amaranth Trading Post
ANGUSVILLE ..... John's Hardware
ANOLA ..... Anola Lucky Dollar
ARBORG ..... Arborg Pharmacy
ARGYLE ..... Brindley's General Store
ASHERN ..... Ashern Pharmacy
AUSTIN ..... Jones' Solo Store
BALDUR ..... Baldur Variety Store
BELMONT ..... Belmont Allied Hardware
BENITO ..... Demchuk's Drug Store Ltd.
BINSCARTH ..... J & J Grocery & Meats
BIRCH RIVER ..... Birch River Sporting Goods & Hardware
BIRD RIVER ..... Tall Timber Lodge
BIRDS HILL ..... Birds Hill Store
BIRTLE ..... Birtle Pharmacy
BISSETT ..... Bissett Variety Shop
BOISSEVAIN ..... Houston & Son Co. Ltd.
BRUXELLES ..... Marginet's Grocery & Hardware
CANADIAN FORCES BASE SHILO .. BX Shopping Centre
CAMPERVILLE ..... Clarkson's Grocery Corporation
CARBERRY ..... Simmans' Groceries Ltd.
CARTWRIGHT ..... Cartwright Health Centre
CLANDEBOYE ..... Clandeboye Store
CRANBERRY PORTAGE ..... Streamer Hardware
CYPRESS RIVER ..... Anderson's Solo Store
DELORAINE ..... Willy's Men's Apparel
DOMINION CITY ..... BJ's Variety Store
DUGALD ..... Dugald Convenience Store
DUNREA ..... Dunrea Solo Store
ELIE ..... Elie Grocery Store
ELKHORN ..... Twin Valley Co-Op Ltd.
ELM CREEK ..... Rose's Grocery
ELMA ..... Lycar Holdings Ltd.
ELPHINSTONE ..... Elphinstone Solo Store
EMERSON ..... Sawatzky's Payfair Allied Store Ltd.
ERICKSON ..... Earley's Pharmacy
ERIKSDALE ..... Lucky Dollar Foods
ETHELBERT ..... Lucky Dollar Economy Store
FALCON BEACH ..... Falcon Lake Drugs
FANNYSTELLE ..... Hamel's General Store
FRASERWOOD ..... Welchinski Esso Service
GARSON ..... Garson Grocery Ltd.
GILBERT PLAINS ..... Gilbert Plains Pharmacy
GILLAM ..... Chamdon Enterprises Ltd.
GLADSTONE ..... Boschman's Gladstone Pharmacy
GLENBORO ..... Glenboro Pharmacy
GLENELLA ..... Atkin's General Store
GLENORA ..... Glenora Hardware
GRAND MARAIS ..... Grand Marais Village Store
GRAND RAPIDS ..... Grand Rapids Esso Service
GRANDVIEW .... Grand Plains Home Hardware
GREAT FALLS ..... Shindruk's Self Serve
GROSSE ISLE ..... L & J Supermart
GYPSUMVILLE ..... Gypsumville Supply
HADASHVILLE ..... Hadashville General Store
HAMIOTA ..... Hamiota Echo Publications Ltd.
HARTNEY ..... Hartney Variety Store
HAZELRIDGE ..... Hazelridge Foods
HODGSON ..... Skibinski's General Store
HOLLAND ..... Budz Home Hardware
ILE DES CHENES ..... Ile Des Chenes Shopping Centre
INGLIS ..... Inglis Locker Plant
INWOOD ..... J.O. Olsen & Son Ltd.
KELWOOD ..... Cadle's Solo Store
KENTON ..... Kenton Hardware
KOMARNO ..... Komarno Quality Store
LA BROQUERIE ..... Le Bon Ami
LA SALLE ..... La Salle Store
LAKE METIGOSHE ..... Holiday Hills Grocery
LANGRUTH ..... Langruth Trading Co. "Solo Store"
LAURIER ..... D & L General Store
LEAF RAPIDS ..... Leaf Rapids Pharmacy
LETELLIER ..... Gallant's Lucky Dollar
LIBAU ..... Libau Trading Post Inc.
LORETTE ..... Chez Heather Shop
LUNDAR ..... Lundar Pharmacy Ltd.
LYNN LAKE ..... Clarke's Pharmacy
MacGREGOR ..... MacGregor Lo-Cost (1987)
MAFEKING ..... Doan's General Store

MANITOU — Langseth's Pharmacy Ltd.
MARIAPOLIS — Pouteau Solo
McAULEY — Bi-Rite Lucky Dollar
McCREARY — Reischek's Pharmacy
MEDORA — Medora Trading Ltd.
MIAMI — Westaway's Pharmacy
MINIOTA — Barrett's Store
MINITONAS — Sleziak Enterprises
MINTO — Community Market
MOOSEHORN — Moosehorn Supply
NARROWS — The Narrows General Store
NEWDALE — Baker's Hardware
NINETTE — Ninette Shopping Centre
NOTRE DAME DE LOURDES — Notre Dame Shopping Centre
NUTIMIK — Nutimik Lodge
OAK LAKE — Valleyview Oak Lake Co-Op
OAK RIVER — M. & L. Variety Store
OAKBANK — Family Fare
OAKBURN — Oakburn Tire
OAKVILLE — Oakville Super Market
ONANOLE — Onanole Hardware
PIERSON — Phair's Hardware
PILOT MOUND — Pilot Mound Lucky Dollar
PINAWA — Northern Stores Inc.
PINE RIVER — Semeniuk's Groceteria
PINEY — BJ's General Store
PIPESTONE — Bob's Lucky Dollar
PLUMAS — Plumas Solo Store
POINTE DU BOIS — Pointe du Bois Supply Co. Ltd.
POPLAR POINT — Poplar Point General Store
POPLARFIELD — B & I Food Town
POPLARFIELD — Poplarfield Groceteria
RAPID CITY — Waldon Insurance Agencies
RATHWELL — Rathwell Solo & Hardware
RENNIE — Rennie Grocery & Hardware
RESTON — Reston Drugs
RICHER — Laurin Centre
RIDGEVILLE — Ridgeville Co-operative Community Club
RIVERTON — Thorarinson's General Store
ROLAND — Roland Foods Ltd.
RORKETON — Pulak's General Store
ROSSBURN — L.P.K. Enterprises
ST. ADOLPHE — Village Groceries & Meats
ST. AMBROISE — St. Ambroise General Store
ST. CLAUDE — St. Claude Florist & Photo
ST. EUSTACHE — Allard R & L Store
ST. FRANCOIS XAVIER — Na's Food Mart
ST. JEAN BAPTISTE — Joe's Variety Foods
ST. LAURENT — Chartrand's Grocery
ST. LAZARE — J.C. & O.J. Ltée.
ST. MALO — St. Malo Co-operative Ltd.
STE. AGATHE — Joe's Meats & Groceries
STE. ANNE — Ste. Anne Sundries
STE. ROSE DU LAC — Ste. Rose Variety Shop
SANDY LAKE — Sandy Lake Hardware
SANFORD — Sanford Lumber & Building Supplies
SARTO — Sarto General Store
SEDDONS CORNER — Lou's Food
SEVEN SISTERS — Genie's Gift & Novelties
SHILO — Crang's Grocery
SHOAL LAKE — Henderson's Pharmacy
SIFTON — Boguski Grocery
SNOW LAKE — Northern Stores Inc.
SOMERSET — Pittet's Family Centre
SPERLING — Sperling Grocery
SPRAGUE — Carl's Solo Store
SPRINGFIELD — Garven Solo Store
STARBUCK — Starbuck Barber Shop
STEAD — Lesosky General Store
STONEWALL — Stonewall Pharmacy Ltd.
STONY MOUNTAIN — Mountainview General Store
STRATHCLAIR — Strathclair Consumers Co-op Ltd.
SUNDANCE — Sundance Shopping Centre
SUNDOWN — Eliuk's Solo Store
SWAN LAKE — Stevenson's Pharmacy Ltd.
TEULON — Duncan Pharmacy Ltd.
TOLSTOI — Hall's Val-U Foods
TRAVERSE BAY — Traverse Bay Corner Store
TREHERNE — Pinder's Pharmacy
VASSAR — Cub's Groceries
VITA — Sumthing Special Florist & Gift Shop
WABOWDEN — Lakeside Groceteria Ltd.
WANLESS — Forest Grove Meat & Grocery
WARREN — Pete's General Store
WASKADA — Griffith Agencies
WATERHEN — North Star Tourist Camp
WAWANESA — Wawanesa Allied Hardware
WEST HAWK LAKE — West Hawk Motel
WESTBOURNE — West Lake Agencies
WHITEMOUTH — Whitemouth Sundries
WINNIPEG BEACH — McGregor's Drug Store Ltd.
WOODLANDS — Studler's General Store
WOODRIDGE — Woodridge General Store